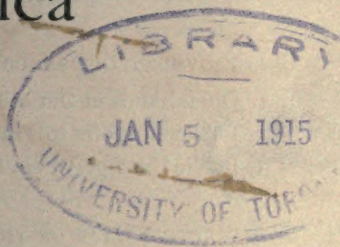


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A.
FIRST TENTATIVE DRAFT

A PRACTICAL PROGRAM
FOR
The Prevention of
UNEMPLOYMENT
in
America



Submitted for Criticism and Suggestions
by

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OUTLINE

	Page
I. REGULARIZATION OF INDUSTRY.....	5
1. Regularization by Employers.....	5
2. Regularization by Workers.....	8
3. Regularization by Consumers.....	9
II. ESTABLISHMENT OF PUBLIC EMPLOYMENT EXCHANGES.....	9
1. Local Employment Exchanges.....	10
2. Federal Employment Bureau.....	11
III. SYSTEMATIC DISTRIBUTION OF PUBLIC WORK.....	12
1. Regular Work.....	13
2. Emergency Work.....	13
IV. PREVENTION OR ABSORPTION OF SURPLUS LABOR.....	13
1. Reducing the Number of Young Workers.....	14
2. Industrial Training.....	14
3. Agricultural Revival.....	15
4. Constructive Immigration Policy.....	15
5. Regulation of the Hours of Labor.....	16
V. UNEMPLOYMENT INSURANCE.....	17
1. Organization of Out-of-Work Benefits by Trade Unions.....	17
2. Public Subsidies to Trade Union Out-of-Work Benefits.....	17
3. Public Unemployment Insurance.....	17
VI. CONSTRUCTIVE CARE OF THE UNEMPLOYABLE.....	18
1. Aims of General Policy.....	19
2. Adaptation of Treatment to Case.....	19

FOREWORD

The time is past when the problem of unemployment could be disposed of either by ignoring it, as was the practice until recent years in America, or by attributing it to mere laziness and inefficiency. We are beginning to recognize that the causes of unemployment are not so much individual and due to the shiftlessness of "won't-works" as social and inherent in our present method of industrial organization.

It is important that those who are aiming at the prevention of unemployment in America should never forget that it is a problem continually with us, in good seasons as well as in bad seasons. Occasional crises, with their sympathetic demands for temporary relief, should not blind us to the need for a constructive program. In the meantime the community, as a result of its past neglect to adopt some energetic constructive policy on unemployment, is being constantly confronted with an army of idle workers whose distress, which becomes conspicuous with the approach of bitter weather, demands, and, according to the analysis here presented, deserves adequate relief.

Much unemployment is due to irregularity of industrial operations over which the workers have no control. Periodic abnormal excess of labor supply over labor demand is caused by the fluctuations of industry, which in its present disorganized form makes necessary constant reserves waiting to answer calls when they come. Hundreds of thousands more of workers are needed in good years than in bad years, and in each industry many more are needed in the busy season than in the slack season. Furthermore, in almost every business, special calls arise for more workers to be taken on for a few weeks, a few days or even a few hours. The reserves necessary to meet these cyclical, seasonal or casual demands should be reduced to a minimum. *Industry must be regularized.*

Much unemployment, also, is caused by the lack of efficient means of transferring workers smoothly and rapidly from job to job. *Public employment exchanges must be established.*

A careful arrangement of public works to be increased in slack seasons and in the lean years of private industry would serve to keep part of the reserve army of labor occupied. *Public work must be systematically distributed.*

After the regular and the reserve armies of industry have been organized, there may remain a large surplus of labor which is not needed in industry and the presence of which serves only to flood the market and to lower the general conditions of employment. *This surplus must be prevented or absorbed.*

While reserves of labor are essential to the operation of fluctuating industries, the industry and the public should recognize their responsibility to return these workers to industry in efficient condition, with good health and spirit, and to preserve them from degenerating through privation into the class of unemployables. *Adequate unemployment insurance must be established.*

The widening of economic opportunity and the development of economic organization just indicated will provide the best sort of "work test" to determine whether a man is willing and able to work but really unable to find work. It will result in the definite marking off of the class which is either unable or unwilling to work, the unemployable, who are in great measure the product of the community's neglect to deal constructively with the problem of the unemployed. *For this class there must be varied constructive care, aiming wherever possible at their early restoration to normal working life and independence.*

The general scheme of economic reconstruction and organization here outlined will, it is believed, lead to conspicuous and permanent improvement. In the hope that this tentative program may be strengthened and improved by unhesitating discussion, it is now put forth for criticism and suggestion.

THE CURE FOR UNEMPLOYMENT

Any comprehensive and workable plan for the cure of unemployment should include the following six steps: I, Regularization of industry; II, Establishment of public employment exchanges; III, Systematic distribution of public work; IV, Prevention or absorption of surplus labor; V, Unemployment insurance; and VI, Constructive care of the unemployable.

I. REGULARIZATION OF INDUSTRY. An essential step in the cure of unemployment is the regularization of industry by the combined efforts of employers and employees and by the public as consumers.

1. Regularization by Employers. In the regularization of industry a large responsibility lies directly upon employers to regularize their businesses. Every attempt should be made within the limits of each business to make every job a steady job. Sincere efforts in this direction on the part of the employer can accomplish much. Among the things which he can do are:

(1) **ESTABLISHMENT OF AN EMPLOYMENT DEPARTMENT.** The employer should establish, as part of his organization, an employment department, having at its head an employment manager whose special duty it is to study the problems of unemployment in the individual shop and to devise ways of meeting them. Such a department would aim at:

A. Reduction of the "Turnover" of Labor. By a study of its causes through records of "hiring and firing," reduction could be made in the "turnover" of labor which is at present so excessive that factories frequently hire and discharge 1,000 men in a year to keep up a force of 300.

B. Reduction of Fluctuations of Employment inside the Shop. Among the methods that might be used for this purpose are:

a. Systematic transfer of workers between departments.

b. Employing all on part time rather than laying off part of the force in definitely seasonal occupations where there would not be much prospect of dismissed workers being taken on elsewhere.

c. Arranging working force in groups and keeping higher groups employed continuously. Those in lower groups will then be encouraged

to keep out of the industry altogether, or to combine it with some other occupations to which they can regularly turn in the dull season.

d. Keeping before the attention of the rest of the organization the importance of regularizing employment.

e. Keeping in close touch and co-operation with outside agencies dealing with unemployment problems.

(2) REGULATION OF OUTPUT. The employer should regulate his output and distribute it as evenly as possible throughout the year. Methods to this end are:

A. *Record Keeping and Forward Planning.* Yearly curves should be kept, showing production, sales and deliveries day by day, week by week, and month by month; and an effort should be made each year to level the curve and to smooth out the "peak load." Production should when possible be planned at least six months ahead.

B. *Building up Slack Season Trade.* Special instructions should be given to sales departments and to traveling salesmen to urge customers to place orders for delivery during the slack season. Some firms threaten delayed delivery on goods at the height of the season. Special advertising stimulates trade in the slack season. Many firms offer especially low prices, grant special discounts, make special cheap lines, or even do business without a profit simply to keep their organization together and to supply work for their forces.

C. *Keeping a Stock Department and Making to Stock as Liberally as Possible in the Slack Season.* This method keeps many firms busy. It is more difficult in industries where goods are perishable or where style is an important factor as in garment making and shoe making, but even here there are conspicuous examples of its success. Other manufacturers deliberately follow a conservative style policy, or concentrate the making of staple styles in the slack season. The making of goods to stock requires the tying-up of a certain amount of capital, but many employers feel this to be balanced by the gain in contentment among the workers and the increase of efficiency and team spirit in the organization. They have the further advantage of being able to supply goods immediately on order.

D. *"Going After" Steady Rather Than Speculative Business.* Well-organized business with a steady demand and a regular and sure profit can afford to dispense with the irregular and unreliable gains of a speculative business which often involve disorganization and irregularity of production.

E. *Careful Study of Market Conditions and Adjustment of the Business to Take Advantage of Them.* A broad market provides more regular business than a narrow one. Foreign trade supplements domestic trade and orders often arrive from southern and far-western markets when the eastern market is slack. A diversity of customers will usually provide a more regular demand than concentration on one or two large buyers. The retail trade will often take a manufacturers' goods just when the wholesale season has stopped. In the shoe industry the

ownership of chains of retail stores has enabled some manufacturers to regularize their business considerably, and a garment manufacturer who owns his own retail store is able to stock that just as soon as his wholesale orders run slack.

F. Developing New Lines and Complementary Industries. A diversity of products will often help to regularize a business. Many manufacturers study their plant, the nature of their material and the character of the market to see whether they cannot add new lines to supplement those they have and fill in business in the slack seasons. One shoe manufacturer, for example, adds rubber sheeting, rubber heels, tennis shoes, rubber cloth and rubber tires, and achieves a fairly regular business.

G. Overcoming Weather Conditions. The brick-making industry has been made a regular twelve months industry instead of a seasonal six months industry by the introduction of artificial drying. Special refrigerating, heating or moistening apparatus proves effective in other industries. Even in the building trade the amount of winter work can be increased by provision for covering or enclosing and heating work under construction.

(3) CO-OPERATION WITH OTHER EMPLOYERS. A number of trade abuses have been allowed to develop which lead to unemployment. Many of these could be abolished by collective action of employers. Employers could co-operate to:

A. Prevent Development of Plant and Machinery Far beyond Normal Demand. An installation of equipment the capacity of which is far in excess of orders normally to be expected is not only a financial burden but it is a continual inducement toward rush orders and irregular operation. In some industries this unhealthy tendency is counteracted by the distribution of excessive orders among other firms whose business is slack.

B. Prevent Disorganization of Production Due to Cut-Throat Competition. *Agreements might in some cases be made to restrict extreme styles and other excessively competitive factors which serve to disorganize production.

C. Prevent Separate Reserve of Labor for Each Plant. Agreements among employers in the same industry to take their labor from a central source and to allow their reserve workers and extras to fill in their spare time with other firms would do much to regularize employment. Where this has been done, as in some employment bureaus operated by associations of manufacturers, the men have been directed without delay from one employer to another and get fairly regular employment. This method is to be especially recommended for the building trades where the labor market is usually completely disorganized and attracts the floating surplus of the district. The best central depot of this kind is, of course, the public labor exchange.

(4) CO-OPERATION WITH OTHER EFFORTS TO REGULARIZE EMPLOYMENT. Employers should co-operate with all other efforts put

forth in the community to regularize employment, especially with the public employment exchanges. Employers should make a special point of securing as much of their help as possible from the exchanges.

2. Regularization by the Workers. The workers themselves have a special opportunity and responsibility in the campaign against unemployment. There are evidences that they no longer feel resigned to unemployment as a necessary and inevitable consequence of the industrial organization, that they are expressing their indignation at the distress so caused, and are seeking means of relief. There is a growing realization among the workers that regularity of employment is as important to the worker as a fair wage, that poor employment lowers the standard of life as much as if not more than poor wages, and that an overstocked labor market means underemployment. As measures against unemployment it would be helpful if individually and through their organizations they would:

(1) **SUPPORT THE GENERAL PROGRAM HERE OUTLINED.** This program is a constructive one, aiming to regularize labor, to prevent unemployment, and to relieve the labor market of the surplus. Parts especially recommending themselves for support by the workers are:

A. Foundation and extension of systems of trade union out-of-work benefits.

B. Public subsidies to trade union out-of-work benefits.

C. Public unemployment insurance.

D. Systematic distribution of public work and provision of emergency work.

E. Public relief in crises.

F. Foundation of a thorough system of economic education and industrial training.

(2) **ESTABLISH THE PRINCIPLES OF ELASTICITY OF WORKING TIME RATHER THAN ELASTICITY OF WORKING FORCE.** Fluctuations should be met by the normal force with overtime and short time. The number of extra workers should be reduced to a minimum. Strenuous opposition should be made, however, to excessive overtime, and a general principle of double pay for overtime should be enforced, thus compelling employers to spread out production more evenly through the year.

(3) **PLACE LESS INSISTENCE ON STRONG DEMARCATIONS BETWEEN THE TRADES.** This would assist the reduction in the surplus

of labor and would make possible the keeping of reserves for the industry as a whole rather than as at present for each separate trade for each shop, and even for each separate operation within the shop. It would also give some latitude to a program of industrial education.

3. **Regularization by Consumers.** Consumers should arrange their orders and purchases to assist in the regularization of production and employment. The "shop early" campaign has proven useful in diminishing the Christmas rush. Employers could do much more toward regularizing their output if consumers were more responsive to the solicitations to buy in the slack season. Such requests are often sent out by employers, and too generally ignored by consumers. Much irregularity is caused by sudden, heavy orders and by rush orders. A determination to exercise foresight and consideration in these matters on the part not only of the ultimate consumer but of large wholesalers and dealers whose demands on the manufacturer are often capricious and unreasonable, would also assist. The slogan of the consumer should become "Shop regularly!"

II. ESTABLISHMENT OF PUBLIC EMPLOYMENT EXCHANGES. Another essential step toward a solution of the problem of unemployment is the organization of a connected network of public employment exchanges. These are vitally important as a matter of business organization and not of philanthropy. The necessity of organized markets is recognized in every other field of economic activity, but we have thus far taken only timid and halting steps in the organization of the labor market. The peddling method is still, even in our "efficient" industrial system, the prevalent method of selling labor. This purely business transaction is carried on in a most unbusiness-like, not to say medieval, manner. It is of as much importance for the employer to find help rapidly and efficiently as it is for the worker to find work without delay. The system of employment exchanges in order to serve as a real clearing house should be organized not only through the municipalities and the state but by the federal government. Municipal exchanges should be organized in every city, and these should be brought into a connected system by means of state offices which would act as clearing houses for the municipal bureaus and make possible the transfer of workers throughout the state where they are

needed. The work of the state offices should be further co-ordinated by an interstate exchange of information and assisted by a federal employment bureau organized on a national basis.

1. Local Employment Exchanges. The local bureaus should aim at a rapid connection between the "right man for the job and the right job for the man." Their watchword should be efficient service to both employer and worker, and they should aim to extend this service as completely as possible into all industries and all trades. In establishing and operating these exchanges the following points are important:

(1) **LOCATION AND CHARACTER OF OFFICES.** Well-arranged, roomy offices should be chosen, in good neighborhoods.

(2) **DEPARTMENTS.** Offices should be divided into separate departments for

A. Men, women and children.

B. Separate industrial groups, such as skilled and unskilled labor, farm labor, domestic, clerical and factory labor, and the handicapped. In time, as their organization improves, they may need to establish special departments for certain large skilled trades, such as bookbinding, textiles, and boot and shoe making, especially equipped for placement service in those trades.

(3) **VOCATIONAL GUIDANCE.** There should be a special department for vocational guidance, which will co-operate with educational and health officials, with unions and employers, in endeavoring to place young workers where they will have an opportunity for industrial training and for real advancement, instead of leaving them to fall into blind-alley occupations. This department should be in charge of a superintendent experienced in vocational work and should be supervised by a special subcommittee on juvenile employment.

(4) **SELECTION OF APPLICANTS.** Applicants should be placed on the basis of fitness alone.

(5) **NEUTRALITY IN LABOR DISPUTES.** Applications from plants affected by strikes or by lockouts should be received. Workers applying for positions involved should be explicitly informed of the existence of the dispute. This is the method followed, with complete satisfaction to both sides, in most American public employment exchanges, as well as in England, France, Germany and Switzerland. Statements from both sides about the issues involved should also be shown to the applicants when they can be secured.

(6) **ADVANCEMENT OF TRANSPORTATION.** The officers should be empowered to advance, under careful safeguards, railroad fares to workers when necessary.

(7) **CIVIL SERVICE.** Only persons qualifying through civil service examinations should be employed in the work of the offices.

(8) **REPRESENTATIVE COMMITTEE.** Each office should work under the supervision and advice of a representative committee composed of representatives selected by both employers and workers.

(9) **CO-OPERATION WITH OTHER AGENCIES.** Offices should co-operate with all other employment bureaus, municipal, state and federal, in exchanging applications for help and for work, and in adopting uniform systems of records.

(10) **BULLETINS.** Periodical bulletins should be issued, showing the state of the demand for labor and the supply in the various districts and industries within their field.

2. Federal Employment Bureau. The federal employment bureau would have a valuable function in co-ordinating the work of the local bureaus and in organizing the labor market on a national basis. Such a federal system would have the following functions:

(1) **ESTABLISHMENT OF PUBLIC EXCHANGES.** With careful regard to existing state and municipal exchanges, the federal bureau should open offices of its own where needed.

(2) **ASSISTANCE TO LOCAL BUREAUS.** Among the means by which the federal bureau could assist the work of the local exchanges are:

A. Interchange of Information. A systematic interchange of information on the state of the labor market should be developed through close correspondence and the issuance of periodical reports.

B. Standard Record System. A standard system of records should be devised and adopted for the whole country which would make possible comparison of results and compilation of statistics on a national basis.

C. District Clearing Houses. The country should be divided into districts, with a clearing house in each. The district clearing houses would:

a. Exchange information between local bureaus and district branches of the federal bureau.

b. Receive reports of local public and private agencies, and advise and supervise these agencies.

3. REGULATION OF PRIVATE AGENCIES. In so far as private employment agencies do an interstate business they are properly subject to federal supervision and regulation. Methods of regulation are:

- A. Licensing and inspection.
- B. Use of license fees to enforce regulations.
- C. Making appropriate administrative rules for private agencies after classifying them according to type.
- D. Prescribing forms for records, uniform with those used at public offices.
- E. Publishing information of the work of private offices together with that of the public bureau.

III. SYSTEMATIC DISTRIBUTION OF PUBLIC WORK. Public work should be made as far as possible to act as a sponge absorbing the reserves of labor in bad years and slack seasons and setting them free again when the demand for them increases in private business. The systematic use of public works to relieve unemployment has proven successful in European countries and many communities in the United States have under way similar plans. In New Zealand success has been achieved in relieving unemployment by letting out public work directly to co-operative groups of workers under the direction of the public engineer without the taking over of the work by contractors. These co-operative workers have been successful not only in rough development work, but in building bridges and even public buildings, in some cases far more cheaply than the lowest price bidden by the contractors. Furthermore, wherever possible, these public works are made part of a general policy of re-establishing the workers on the land. They are set to building roads and railways to hitherto inaccessible land upon which they are then encouraged to settle, with government assistance. Alongside the public works small rural settlements are developed, on which the workers live and grow accustomed to rural life, these settlements being planned in the beginning to be near some industrial or farming center which will provide the men with some work to supplement the produce of their small plots when the public works have been completed. By such a far-sighted policy the number of the unemployed in the cities has been greatly reduced and hitherto undeveloped country is being rapidly transformed into a populous and prosperous farming and grazing community. Public work may be either:

1. Regular Work. Even at slightly additional cost regular public work should be conducted in years of depression and seasons of depression. A program of the amount of public work contemplated for several years ahead should be laid out and then carefully planned to be pushed ahead in the lean years which experience has shown to recur periodically. Similarly the work should be done in the months when private employment is at a low ebb. This is the least expensive and troublesome way of maintaining the reserves which private industry demands, and it preserves the independence and self-respect of the worker, while accomplishing necessary and productive work for the community. The rate of wages and the conditions of labor should be up to the standard of the district.

2. Emergency Work. During a crisis or other emergency a special effort should be made to put through large projects for public works, rather than to support the unemployed by charity or by public relief. This should not be "relief work" or "made work" simply to keep idle hands busy, but should be necessary public work which would have been undertaken normally in the course of time, but which can be concentrated in the time of emergency. Such work would be the construction of additional buildings for schools or colleges, of roads, bridges, electric and steam railways, foot paths, parks, the making of improvements, such as paving and drainage, the building of hospitals, sanatoria, laboratories and public buildings, the improvement of harbors, the development of canals and means of inland navigation, the reclamation and drainage of waste lands, afforestation, the making of supplies for public institutions, such as clothing, uniforms, or furniture. Each community will be able to think of special kinds of public work which need to be carried out for the development of the district.

IV. PREVENTION OR ABSORPTION OF SURPLUS LABOR. After employment has been regularized as far as possible within each business by the employer and in industry as a whole by the public employment bureaus, there will be left the problem of employing, somehow, the reserves which are necessary, and also of draining off the surplus of labor which has made possible the present disorganization in the labor market. This can be done to some extent by:

1. Reducing the Number of Young Workers. Wise limitations on the wholesale entrance of young workers into industry without sufficient training to prevent their being used as casual labor would not only provide an opportunity for such training, but would relieve the pressure on the labor market and would prevent the competition of young unskilled workers from lowering the standard of life of the adult worker. This could be done by:

- (1) Excluding child labor up to 16 years of age.
- (2) Placing limitations on the work of young people between 16 and 18 years, by:

A. Allowing them to be engaged only through the public employment office.

B. Allowing them to work only in the busy season.

C. Preparing them for industry during their unoccupied time through a system of continuation schools and training centers.

D. Restricting the hours of work.

2. Industrial Training. Every advance in his skill strengthens the hold of the worker upon his job, and a wider industrial training makes possible for him adaptation to various kinds of work: a transfer from one operation to another, from one department to another, from one shop to another and from one industry to another. The narrower the worker's field of industrial skill the greater the risk of irregular employment. The manufacture of inefficiency and the creation of an unemployable class begins with the transition of children from school to industry without proper preparation for industrial life. Some system of social apprenticeship to safeguard the period of entrance into industry is needed to take the place of the old and now almost extinct system of guild apprenticeship and to prevent the whole time and energy of the young worker from being used in underpaid and casual work in "blind-alley" employments which destroy rather than develop his industrial ability. The idea, also, that industrial training and education are not feasible for the adult worker should be dropped. Among the measures for the improvement of industrial training are:

- (1) **FOR THE TRAINING OF YOUNG PERSONS:**

A. Industrial instruction in the elementary schools.

B. Special technical and industrial schools for young people.

C. Continuation schools for young workers.

D. Vocational guidance.

E. Restrictions on the employment of young people in blind-alley occupations.

(2) **FOR THE TRAINING OF ADULTS:**

A. Industrial training in connection with labor exchanges.

B. Agricultural training in farm colonies.

C. Training of the worker within the shop in different operations and processes so as to make possible the transfer of workers from one department to another.

3. **Agricultural Revival.** An agricultural revival should be promoted to draw the surplus labor from the overcrowded industrial centers. The rich, abundant lands of America would provide a home and a livelihood for millions who now linger in the cities to swell the overcrowded labor market. Measures should be taken to make rural life more attractive and to keep people on the land.

(1) **HOMESTEAD CENTERS.** Homestead Centers should be established near industrial districts, which would provide wholesome surroundings and a small plot of land, the produce of which would supplement the family income (especially in irregular occupations) and would give the holder experience in agricultural work which would make the transition to real farming easier. Systematic training in agricultural methods could easily be given under these conditions.

(2) **FARM COLONIES.** Farm colonies should be established under public supervision, where employed workers could be given an opportunity to gain actual experience in agriculture, which would maintain them while unemployed and also prepare them for agricultural life.

(3) **REVIVAL OF SMALL FARMING.** The revival of small farming could be encouraged by:

A. *Agricultural Banks.* A system of agricultural banks could be developed, financed with public funds to assist the worker to establish himself on the soil.

B. *Opening Up New Lands.* New lands could be opened up and waste lands reclaimed by public works which would at the same time give work to the unemployed. These would include clearing, drainage, irrigation, and afforestation.

4. **Constructive Immigration Policy.** The problem of unemployment is complicated in America by enormous streams of unskilled labor flowing in from the countries of eastern and

southern Europe. This stream of the "new immigration" follows the line of least resistance and collects in the already overstocked industrial centers, increasing the surplus of unskilled labor and intensifying all the problems of irregular and casual employment. The hold of this floating mass of labor upon industry is very weak, owing to its lack of industrial skill and education and the fact that for the most part its experience in Europe has been *agricultural* rather than *industrial*. The worst evils of unemployment are found in this low paid, underemployed, overstocked group. On the other hand, it should be pointed out that the demoralization of the labor market which accompanies immigration as at present administered is due to *mal-distribution* of immigrant labor rather than to any real lack of demand for labor. The problem of properly distributing the stream of immigration is one which deserves serious consideration and energetic action in the United States. Public policy on this subject should be directed along two lines:

(1) **INDUSTRIAL POLICY.** Immigrants should be directed to those industrial centers where there is a real demand for their work, instead of leaving them to follow the line of least resistance and to collect around the markets for casual labor. The national system of labor exchanges would be very useful here.

(2) **AGRICULTURAL POLICY.** An aggressive and energetic campaign to re-establish immigrants on the land with public assistance (to be repaid) would make independent, permanent citizen farmers of half-employed aliens who now take or send back much of their earnings to Europe, whose working experience has often been exclusively agricultural, and who are often land-hungry but lack the knowledge of agricultural opportunities and the small capital needed to start them as small farmers. Agricultural colonies of workers of similar race and language could be established on an extended scale with public assistance, along the lines of the Jewish, Polish, Italian and other colonies which have already proven successful with private assistance.

5. Regulation of the Hours of Labor. A certain amount of unemployment can be remedied by regulating the hours of labor.

(1) **REDUCTION OF WORKING HOURS.** Practical experience has shown that a slight decrease in the ordinary hours of labor would have little effect in increasing the demand for labor, because

of the increased productiveness of a labor force working on reduced hours. In some occupations, however, where two shifts are worked, day and night, the introduction of three shifts of eight hours each would create a demand for 50 per cent. more workers. Typical of such occupations are ticket chopping and 'bus driving, wherein the time of attendance, and not the speed of the worker, is the essential factor.

(2) ELASTICITY OF WORKING HOURS. The principle should be maintained that the rise and fall in demand for labor should be met by overtime and short time for the normal working force rather than by a reserve waiting for employment.

V. UNEMPLOYMENT INSURANCE. Insurance against unemployment is based on the principle that when all efforts to provide work have proven unavailing the final burden of sustaining the reserves of labor necessary to meet the fluctuations and irregularities of industry should properly fall on the industry (employers and workers as a whole) and upon the consuming public, rather than upon the fraction of the workers who are in no way responsible for industrial fluctuations and who are as essential, even in their periods of unemployment, to the well-being of industry as are the reserves of an army. Furthermore, it is as important for industry as for the workers themselves that their morals and physique be preserved during periods of unemployment so that they may, when called for, return to industry with unimpaired efficiency, and may be preserved from dropping into the ranks of the *unemployable* where they will constitute a much more serious problem. Such insurance can be applied when the other methods indicated here have provided for the first time a real "work test" and have isolated the *unemployed* from the *unemployable*. Three methods of insurance, which can be either combined or organized independently, have been developed:

1. **Organization of Out-of-Work Benefits by Trade Unions.** This method has proven successful in some European countries but has been used comparatively little in the United States.

2. **Public Subsidies to Trade Union Out-of-Work Benefits.** As the "Ghent System" this method of administering unemployment insurance has become well known throughout western Europe.

3. **Public Unemployment Insurance.** In this employers, workers and the state may become joint contributors. In prac-

tically all of the European countries some sort of unemployment insurance exists, but compulsory nation-wide insurance against unemployment is found only in Great Britain and is in force there only for certain selected employments. The successful working of the system, however, points toward its early extension. The law went into effect on July 15, 1912. The system is carried on through the labor exchanges, thus permitting a ready application of the "work test." Out of 14,000,000 wage-earners, 2,500,000, of whom 63 per cent. are unskilled laborers, come under the provisions of the act, and some 600,000 receive benefits from assisted insurance provided for trade unions administering out-of-work benefits. Employer and employee each pay $2\frac{1}{2}$ pence weekly, payments being made, as with sickness insurance, through fixing stamps in a book. In addition to these receipts, there is a state subsidy of one-third of the annual receipts from dues. The annual income has been approximately £2,300,000, and £236,458 were paid out to about 400,000 cases during the first half year in which the law was in force. The large reserve fund which is accumulating is expected to meet the drain of future hard times. An ingenious provision of the law entitles any insured workman over sixty years of age who has been insured more than ten years and who has paid more than 500 contributions to a refund of his total payments minus his total benefits, with compound interest at $2\frac{1}{2}$ per cent. This provision is intended to satisfy the especially skilled and trusty workman who runs little risk of losing his job. The one who does lose his place receives seven shillings a week from the second to the fifteenth week of unemployment in each year, under the following conditions: (1) He must have worked in one of the selected occupations at least twenty-six weeks in each of the preceding three years; (2) his unemployment must not be caused by a strike or by his own fault; (3) he must accept work of equal value if found for him by the labor exchange. Lads of seventeen and eighteen receive half benefits under the same conditions.

VI. CONSTRUCTIVE CARE OF THE UNEMPLOYABLE. When those of the unemployed who are capable of employment have been helped to positions or taken care of by unemployment insurance, there will still remain the unemployable, for whom methods of constructive care must be devised.

1. Aims of General Policy. The general policy of care for the unemployable should be:

(1) To put them into a condition to be restored to normal working life.

(2) To give them proper permanent treatment when defective mentally or physically.

(3) To stop the supply of unemployable at its source by an energetic attack upon the general problem of unemployment, which is largely responsible for the production of the unemployable.

2. Adaptation of Treatment to Case. The treatment of the unemployable will have to be regulated according to the peculiar requirements of each case. For the following groups the treatment stated is required:

(1) **THE SICK.** For the sick there must be medical treatment, nourishment, care and rest.

(2) **THE AGED.** For the aged old age pensions are needed.

(3) **THE INEFFICIENT.** For the inefficient the need is for agricultural and industrial training.

(4) **THE FEEBLE MINDED.** For the feeble minded confinement in institutions is advisable, with measures to prevent the propagation of further feeble minded unemployables.

(5) **THE WON'T-WORKS.** For the won't-works the required treatment is prosecution and confinement in penal farm colonies whenever their attitude toward work involves neglect of their families and the shirking of other social responsibilities.

(6) **THE SEMI-CRIMINAL.** For the semi-criminal, also, there must be moral and physical training in penal farm colonies or other institutions.

American Association on Unemployment

American Section of the International Association on Unemployment

IN AFFILIATION WITH

American Association for Labor Legislation

Purpose: To co-ordinate the efforts made in America to combat unemployment and its consequences, to organize studies, to give information to the public, and to take the initiative in shaping improved legislation and administration, and practical action in times of urgent need.

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At the request of the parent organization, and for the specific purpose of avoiding unnecessary expense and the annoyance of duplication of effort, the American Section of the International Association on Unemployment was organized in 1912, in close affiliation with the American Association for Labor Legislation. To this end the constitution of the former provides that the secretary and treasurer, as well as three of the members of the executive committee of the latter, serve in the same capacity for the unemployment association. Thus the two organizations are working in complete harmony for the study and prevention of unemployment in America.

The American Association on Unemployment is supported entirely by voluntary contributions. We invite the co-operation of every earnest man and woman who believes in the necessity of this work.